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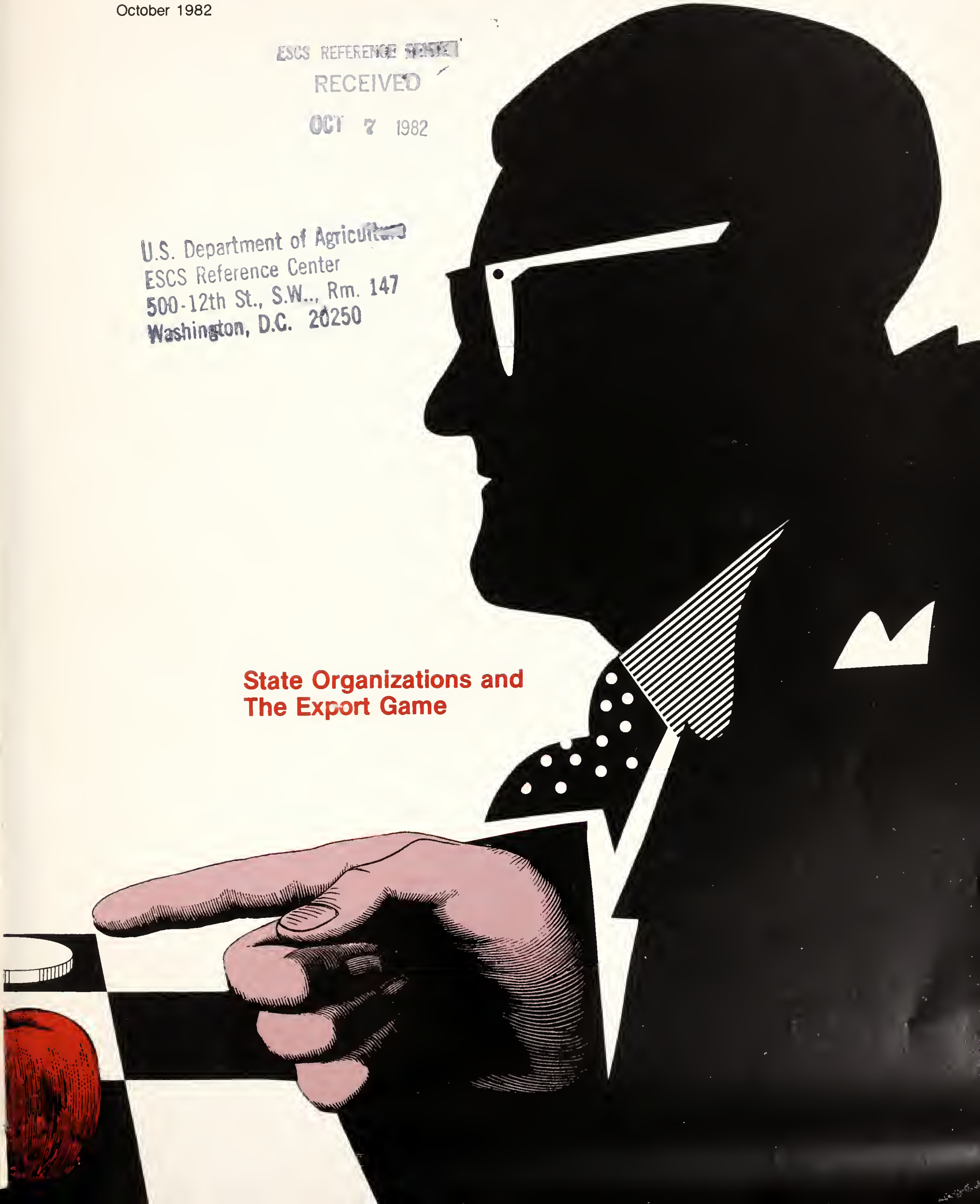

State Organizations and The Export Game

Marketing News

Feed Grains Council Celebrates 10 Years of Success in Korea

The **U.S. Feed Grains Council's (USFGC)** recent tenth anniversary of programs in Korea demonstrates what market development is all about—helping one country attain its economic goals can help another country achieve its goals as well. When the council first began its Korean program, foreign exchange was tight and the government was attaching a relatively low priority to feed grain imports. Total intake was a mere 390,000 tons and per capita meat consumption was only about 12.5 pounds per year, compared with 200 pounds in the United States. But 10 years of USFGC programs have helped change that dramatically.

Today, meat production in Korea has jumped 2.5 times, egg production has almost doubled and milk output has skyrocketed. A significantly increased intake of feed grains—almost entirely from the United States—has fueled that growth. In 1980, Korea imported more than 2.25 million tons, almost six times the import level of 1971. But the council is not resting on the gains of the past. Future growth in the Korean feed grain market looks just as bright and the council plans to be there to take advantage of it.

Grab Your Steak And Do-si-do

London was the site of a recent barbecue/square dance featuring U.S. beef sponsored by the **U.S. Meat Export Federation (MEF)** in cooperation with the British Square Dance Association. MEF's Jim Lennon said the activity was quite a success for U.S. beef. One attendee even remarked it was the first time the group had been able to cut their steaks with plastic knives and forks. Although the activity was primarily designed as a public relations event, MEF/London received numerous calls regarding the barbecue and possible sources of U.S meats in the United Kingdom. This type of public interest will hopefully contribute to consumer awareness of U.S meats—still a major stumbling block for MEF in the United Kingdom.

A Trio of Wood Exporting Seminars

If you're involved in the wood exporting scene or even just thinking about getting into it, then these upcoming wood export seminars may come in handy. The University of Georgia's Center for Continuing Education is sponsoring a forest products export conference for the southeastern United States in Athens, Ga., on October 26. For further information, contact Leonard Hampton (404) 542-3063. *Forest Industries* magazine and the **National Forest Products Association** will hold a major seminar on exporting wood products November 4-5 in Norfolk, Va. For details, contact Vernon S. White (503) 222-1313. As part of its 75th anniversary program, the University of Washington's College of Forest Resources is plannng a symposium addressing international marketing and trade issues for forest industries. Contact the Division of Continuing Education, AR-10, University of Washington, College of Forest Resources, Seattle, Wash. 98195 for more information.

USDA Adopts New Meat Export Certificates

USDA recently streamlined reporting and paperwork requirements for meat and poultry product exporters. Effective August 9, exporters began using a new form—MP 130-A, Application for Export Certificate—as well as a new official export certificate—Form 130. This latter form replaces MP Form 412-3 and 506, as well as three of four official marks that identify where the product was inspected and passed for export. Donald Houston, administrator of USDA's Food Safety and Inspection Service, said the new regulations will remove inconsistencies between the regulations for meat and poultry inspections.

Cotton Team Assesses Southeast Asian Market

The Foreign Agricultural Service and the **Cotton Council International** recently sponsored a cotton trade mission to Southeast Asia to identify marketing opportunities and meet with textile industry leaders, cotton traders, government officials and others. The team also discussed the U.S. cotton supply situation and outlook for U.S. cotton exports during the 1982/83 season. The itinerary included Indonesia, Thailand, the Philippines and Taiwan.

The Magazine for Business Firms Selling U.S. Farm Products Overseas

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Features

Departments

MIATCO Gears Up To Boost Agricultural Exports in 1983

By LaVerne E. Brabant and David A. Tyler

Over $22 billion — that's how much MIATCO's member states sold in U.S. farm products to customers overseas in fiscal year 1981. MIATCO—the Mid-America International Agri-Trade Council—is pushing hard to help its 12 member states improve on their standing as exporters of agricultural products.

MIATCO is a non-profit corporation established to promote agricultural exports from the Midwest. Founded in 1970, it was the first of four FAS regional cooperators.

Agricultural exports from the MIATCO region—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin—amounted to just over half of all U.S. agricultural sales in fiscal 1981.

MIATCO works most closely with the chiefs of the international marketing divisions in each of its member states. The marketing chiefs in turn work in their own states to provide programs, advice and assistance to companies that are just beginning to export or expanding their export trade.

Each year MIATCO plans a wide range of programs—seminars, luncheons, activities to assist foreign buyers, participation in trade shows, and trade missions to investigate export opportunities in selected foreign markets. Along with these programs, MIATCO provides consulting services to individual firms seeking advice on marketing strategies or export problems.

The past year has been both busy and successful for MIATCO. Last October, for example, it arranged a Food Consulting Seminar in Chicago to test the potential for exporting selected midwestern foods to Japan. The seminar, organized in cooperation with the Japan External Trade Organization (JETRO), brought a 10-member team of Japanese food specialists to Chicago who analyzed the sales possibilities for the products of 18 firms in the Midwest.

The Japanese specialists reviewed the taste, ingredients, additives, color and texture of the U.S. foods. Packaging and labeling were also analyzed to see if they were suitable for the Japanese market. Each Midwest company then received an evaluation of its product's market potential. Based on the success of this event, MIATCO and JETRO tentatively plan to repeat the seminar this fall.

MIATCO was also busy drumming up business in the European Community (EC). In November, it organized a Specialty Crops Trade Mission to continental Europe. Representatives of four Midwest firms accompanied team leader Gary Wietgrefe of the South Dakota Department of Agriculture on a trade tour to the Netherlands, West Germany, Italy and Spain.

The products MIATCO promoted in the EC ranged from birdfoods to health foods, forage seeds for planting, pulses and specialty grains. All told, 60 different products were brought to the attention of Europe's buyers.

With the assistance of FAS agricultural attaches and trade officers, company representatives called on importers in key European cities. Stops included The Hague, Rotterdam, Hamburg, Rome, Milan and Madrid. Much was learned about the demand patterns for specialty crops, and contacts generated by the mission have paid off in new export sales.

In December, MIATCO organized a dairy cattle seminar team that visited Mexico. The team—composed of representatives from the Wisconsin Department of Agriculture, FAS, USDA's Animal and Plant Health Inspection Service (APHIS), and the Holstein-Friesian Association of America—conducted two-day "state-of-the-art" seminars in Mexico City on Midwest dairy cattle exports to Mexico.

The audience included both private and public buyers. The Mexican agricultural development agency—"Banco Nacional de Credito Rural"—showed interest in buying 1,000-2,000 bred dairy heifers per month for at least a year. The bank may also buy 15,000 calves over the same period, and make sporadic swine purchases.

More recently, MIATCO arranged Midwest participation in FOODEX '82, at Harumi Pier in Tokyo, Japan. FOODEX '82, held annually in March, is the largest food show in the Far East and serves as an important vehicle for American firms that want to enter Asian markets.

Brabant led the trade mission of 12 Midwest firms represented at the show. The group was accompanied by international marketing specialists from six states. After FOODEX, Brabant continued on to Hong Kong and Singapore with several members of the group for trade calls in those two major commercial centers of the Far East.

While in Singapore, Brabant met with the Singapore Agriculture Livestock Enterprise (PTE) about the firm's

planned swine purchases in the United States. MIATCO arranged PTE's subsequent U.S. tour to several Midwest swine operations in May, and PTE recently bought 1,500 head of breeding swine from six MIATCO states. The total value of the animals is estimated at over $1 million.

Finally, in May MIATCO organized and led a mixed-product trade mission to South America. Five companies from four states made trade calls and received briefings on market conditions in Venezuela and Trinidad, two resource-rich nations. Products represented by the mission included breeding livestock, processed foods, and pulses, for which both countries offer promising markets.

Through a balanced combination of domestic and foreign activities, MIATCO fosters important business contacts between U.S. exporters and foreign buyers.

As it begins fiscal year 1983, MIATCO is again planning a variety of projects at home and abroad to develop export markets for the Midwest's processed foods, livestock and a range of specialty crops. ■

Mr. Brabant and Mr. Tyler are executive director and assistant director, respectively, of MIATCO, headquartered in Chicago, Ill.

Launching a U.S. Trade Show: Countdown to Success

By Edmund M. Paige

"I've been trying for two years to talk to this one buyer and he wouldn't see me. Here at the show, he walked right up to my stand..."

With those words, a U.S. processed food manufacturer proved that the months of hard work, stubborn persistence, and hard-nosed professional effort behind an international food show in the United States were more than worth the effort.

International trade shows, of course, are not a new concept. They were common even in ancient times and have become a highly developed institution in Europe. But, for a variety of reasons, they never caught on in the United States. The U.S. attitude was pretty much one of going overseas to contact buyers individually or going to foreign trade shows.

Enter EUSAFEC—the Eastern U.S. Agricultural and Food Export Council, a regional export development group made up of 10 northeastern states. EUSAFEC felt that international trade shows would work here in the United States and set out to prove it.

What they weren't prepared for were the problems one encounters in such a large-scale venture.

The first problem was money. Starting an enterprise like this requires hefty infusions of capital, with close to $1 million up front. EUSAFEC's budget couldn't come close to covering that. Furthermore, much of EUSAFEC's funding comes from the Foreign Agricultural Service (FAS), but such money could not be used when foreign exhibitors were involved. Eventually, EUSAFEC turned to commercial sources for assistance.

After much shopping around, EUSAFEC signed a contract with Andry Montgomery, Ltd., a British operator of trade shows on a worldwide scale. The British, recognizing the potential for such a show, were willing to risk their capital in anticipation of realizing a profit. But signing the contract was only the beginning. Other obstacles soon surfaced.

Some potential American exhibitors were reluctant to commit themselves to reserving space. Professional exporters were quick to jump on the bandwagon, well aware of a good thing when they saw it. Manufacturers, on the other hand, wanted to wait and see who else signed up. Most said they would come to the second show if the first one was a success. But EUSAFEC knew that if nobody came to the first one there wouldn't be a second!

Overseas buyers were also skeptical. They naturally felt that if exhibitors weren't going to show up, it would be pointless to make the trip. Foreign exhibitors, on the other hand, expressed a lively interest. But there was reluctance on EUSAFEC's part to have the show disproportionately heavy on foreign exhibitors. After all, EUSAFEC's goal was to get Americans to exhibit.

The Montgomery people brought in specialists from all parts of the world and intensified their campaign. They installed batteries of telephone equipment and sales people bombarded the food industry with telephone calls, trade advertisements, direct mail and public relations materials.

EUSAFEC's executive director, on the job only a few months after years of commercial export experience, started arm-twisting personal friends and contacts in the industry. EUSAFEC marketing officials beat the bushes in the hinterlands.

But in the end, the total mobilization paid off. The U.S. International Food Show was launched on April 14, 1982, in New York City with much fanfare. Ambassadors, agricultural attaches, foreign consuls, foreign buyers, domestic buyers and political luminaries all converged on the Coliseum. The professional exporters expected

this sort of thing; the newcomers did not and were pleasantly surprised, some even shocked, by the overwhelming response to their exhibits.

Literally millions of dollars worth of orders were written, with promises of many more to come. More than 10,000 buyers signed in, a fifth of them from 63 different countries.

The foreign exhibitors, treated with suspicion at first, attracted buyers who otherwise would not have bothered to come. And it soon became clear they had made a valuable contribution to the overall success of the enterprise.

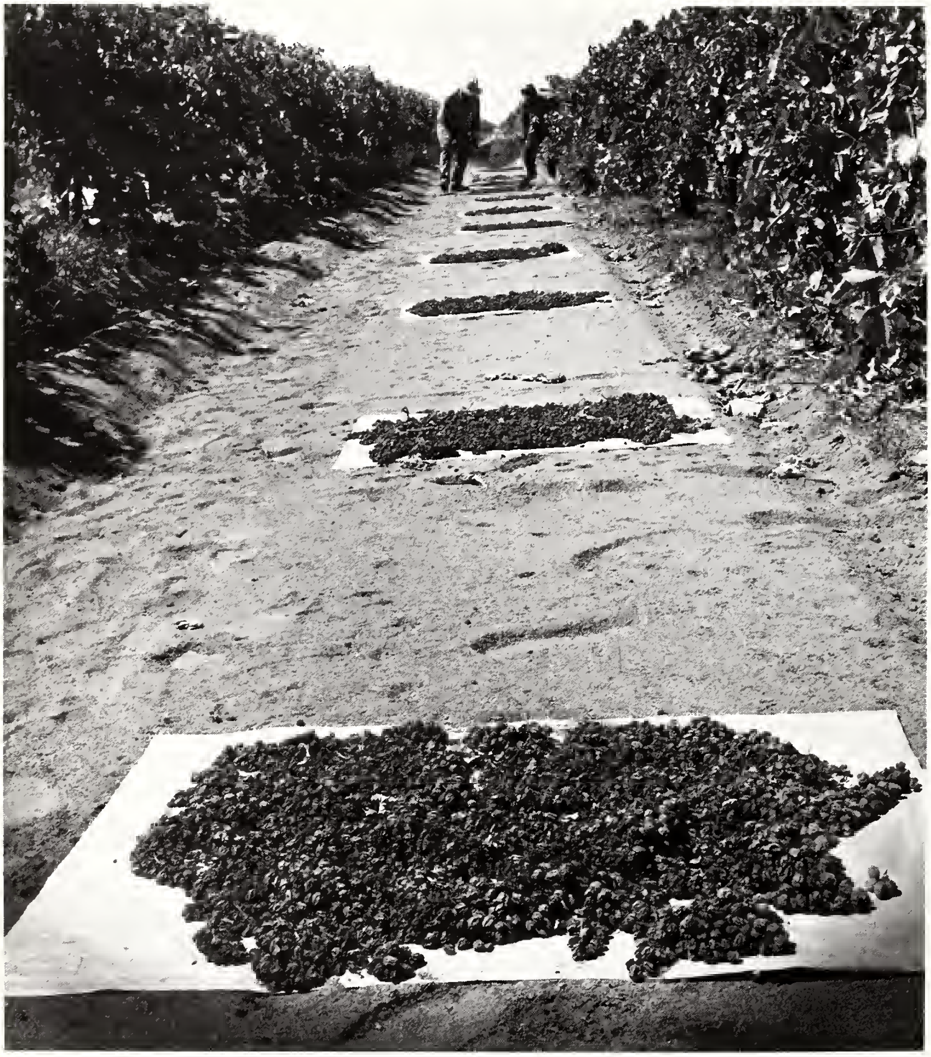
To enliven the activity, each day brought new special events, such as special VIP luncheons, press conferences, wine and beer taste-testing contests, and wine and spirits awards. Judges were drawn from the ranks of the world's most renowned experts.

Most exhibitor comments were laudatory, but it is easy to entice people into saying complimentary things when they are interviewed. The proof of the pudding, however, was in the number of exhibitors who signed up for the next show in April 1984. Large numbers have already reserved at least the same amount of space; many more have committed themselves to even greater exhibit space. This is the tangible evidence of the show's impressive success. ■

The U.S. International Food show at a glance:
Firms participating: U.S.—432;
Foreign—25.
Visitors: 10,791 (from 63 countries).
Sales: While most exhibitors are reluctant to provide actual figures because of competition, onsite sales approached $10 million.

The author is executive director of the Eastern U.S. Agricultural and Food Export Council, Inc., in New York, N.Y.

WUSATA: Young Cooperator Hits the Ground Running



By James Youde

Although it will have only three candles on its next birthday cake, the Western United States Agricultural Trade Association—WUSATA—has hit the ground running in its promotion of U.S. farm goods on a global basis.

Founded in January 1980, WUSATA is the youngest of the regional cooperators. WUSATA represents producers of a wide range of agricultural products—from grains, fruits, nuts and vegetables to meats, seafood, live animals and processed foods.

Geographically, WUSATA faces the lucrative markets of the Far East, but its promoters took part in European trade shows like SIAL in Paris and IGEHO in Basel. However, WUSATA's major efforts will remain directed toward the Orient.

Jointly financed by the states and USDA's Foreign Agricultural Service (FAS), WUSATA's program includes participation in a number of overseas exhibits sponsored by FAS and other groups. It also participates in events in the United States to boost sales of farm products from the WUSATA region.

WUSATA's members consist of the state departments of agriculture of Alaska, California, Hawaii, New Mexico, Oregon, Utah, Washington and Wyoming. Guam's agriculture department also is a member.

So far in 1982, WUSATA has participated in exhibits in Tokyo, Hong Kong and Singapore.

Ever hear of Utah cheese? The Japanese did through WUSATA's efforts at the 10th annual FOODEX '82 Show in Tokyo this past March. Japanese importers, food service company representatives and other visitors consumed over 40,000 samples which resulted in solid trade leads that were passed on to Utah cheese firms.

Also, the sales effort was reinforced through interviews, store visits and other contacts to gain more information about the Japanese market.

Following the FOODEX show, a WUSATA official visited Seoul to plan for U.S. promotional activities in Korea. Meetings were held with FAS overseas representatives, other U.S. cooperators and Korean trade officials to determine the best way for U.S. trade missions to sell U.S. alfalfa in Korea.

WUSATA also participated in FAS-sponsored shows in Hong Kong and Singapore in May. Seven western U.S. firms were represented at the events and sales opportunities are still being evaluated.

For 1983, WUSATA has laid out a busy schedule. It plans to participate in food displays in the Middle East in February, followed by another appearance in Tokyo's FOODEX show. Next will be a western state menu promotion in Korea in March.

WUSATA also will serve as one of the hosts at a National Association of State Departments of Agriculture Show to be held in Atlanta in May.

In August, WUSATA will take part in a trade mission and in-store promotions in Southeast Asia and a show featuring fresh products in Singapore in September.

In 1981, WUSATA's most important event was a food exhibit for a Japanese buying mission. It was held in September in Seattle. Some 50 buyers bought more than $200,000 worth of products at the show and planned to buy an additional $5 million worth during the following 12 months. More than 70 exhibitors throughout the western United States participated in the Seattle event. For some this may have been their first contact with foreign buyers.

Food buyers from the Netherlands worked with WUSATA to arrange meetings with seafood and wine suppliers in the Pacific Northwest. Six U.S. companies met with the Dutch buyers in November and these contacts promised to mature into a strong trade relationship.

Earlier, WUSATA sponsored the EURO '81 Show, held in Oakland in late February. WUSATA worked the food trade and 27 exhibitors from the western United States were on hand.

In November 1981, WUSATA displayed food products from the western states at the IGEHO Food Exhibition in Basel, Switzerland. Eleven firms were represented in the exhibit area and a number of trade leads were received.

WUSATA also arranged a sheep mission to Mexico last year that came back with orders for 2,000 ewes from the western states.

Representatives of the Mexican sheep industry have expressed interest in visiting the western states to learn more about the availability of breeding stocks. ■

The author is executive director of WUSATA located in Vancouver, Wash.

SUSTA: A Firm Believer In Foreign Development

By Raymond Lozano

The Southern United States Trade Association (SUSTA) has great faith in its market development activities as a way to achieve a strong share of U.S. agricultural sales abroad.

SUSTA believes that these activities have helped its members (15 southern states and Puerto Rico) to export about one-third of all U.S. farm product exports in fiscal 1981.

To boost the agricultural exports of its members, SUSTA strives to:

- Increase the number of exporting firms in the southern states and of new-to-market products;
- Strengthen import activities overseas by participating in FAS market development activities; and
- Support FAS/cooperator objectives.

In the past seven years, SUSTA has participated in about 50 international shows. Since 1976, SUSTA also has sponsored, with USDA's Foreign Agricultural Service (FAS), a number of International Food and Agricultural Shows (IFA). The most recent of these— the seventh—was held in New Orleans in mid-March. Buyers from 28 countries attended the show and sampled the products of more than 120 exhibitors from 30 states and Puerto Rico.

IFA visitors at New Orleans became acquainted with a wide variety of U.S. food products in many different forms — fresh, frozen and dehydrated. On average, these shows produce over $4 million a year in on-floor sales and an estimated $40 million a year in follow-up sales.

In fiscal year 1983, SUSTA will participate in Mexico's National Livestock Show, AGREXPO in Colombia, and the National Food and Agricultural Exposition in Atlanta. Trade missions to South America and the Middle East are also planned in the upcoming year.

SUSTA was founded in 1973 as an association of 15 state departments of agriculture. Puerto Rico joined the association in 1978.

SUSTA covers a large agricultural portion of the United States, an area that offers myriad products ranging from rice and soybeans to tobacco and fruits. The leading farm goods bought by foreign customers include soybeans and products, fruits and preparations and cotton. ■

The author is executive director of the Southern United States Trade Association (SUSTA) in New Orleans, La.

Country Briefs

United States

Celebrating World Food Day

USDA will take the lead in celebrating World Food Day here in the United States on October 16. Last year, observances were held in hundreds of American towns and cities and in 150 countries around the world. The goal of Food Day is to focus public attention on food conditions throughout the world.

World Food Day is held each year on the anniversary of the founding of the United Nations' Food and Agricultural Organization (FAO). Secretary Block has set Friday, October 15 for USDA's own celebration, which will be hightlighted by a ceremony sponsored by the Department's Office of International Cooperation and Development. The Department plans to pay tribute to America's farmers for their role in producing food for millions overseas and spotlight U.S. food aid efforts that have distributed more than $40 billion worth of food under the P.L. 480 program.

USDA has made packets of information available for private groups and state and local governments interested in commemorating World Food Day. The packets describe U.S. activities in areas like food aid, technical assistance to developing countries, and scientific and technical exchanges aimed at boosting food production both here and abroad.

Brazil

Alcohol Program Hits a Snag

Brazil's ambitious alcohol production program has been scaled back in recent months as sales of alcohol-powered cars slumped and alcohol exports dropped. The original production goal of 10.7 billion liters by 1985 has been postponed to 1987 or 1988. Production in 1985 is now targeted at only 8.5 billion liters.

Sales of alcohol cars last year started off briskly—but began dropping in April when there was speculation about a shortage of alcohol. Since then, sales and manufacturing of alcohol cars have fallen drastically. In January 1982, sales of alcohol cars were reported under 4,000 units. At the January monthly rate, only 46,600 alcohol cars would be sold in 1982 versus 137,700 in 1981.

The government has taken several steps to boost sales of alcohol-fueled cars. The price of alcohol for the next two years was lowered to 59 percent of the price for gasoline. Formerly the alcohol price was 65 percent of that for gasoline. In addition, alcohol powered cars have been given a tax break by the government that could lower their sticker price 6 to 7 percent. Auto factories have also been authorized to extend guarantees on alcohol cars.

Ecuador

U.S. Agricultural Sales Reflect Foreign Exchange Measures

Foreign exchange measures which went into effect in March have affected all U.S. agricultural exports to this market. The U.S. agricultural attache in Quito recently examined the effect on 14 commodities accounting for 94 percent of total U.S. agricultural exports in 1981. Almost 80 percent of these commodities—including wheat, soybean oil and tobacco—are subject only to a 12-percent devaluation. Another 18 percent of the commodities, including tallow, face an exchange conversion calendar in addition to the 12-percent devaluation. The remainder face a 20-percent devaluation and a more stringent exchange calendar.

Although the direct effect of the new measures on U.S. agricultural exports should be negative, the impact probably will not be large because:

- The most important items (wheat and soybean oil) are subject to the least restrictive new measures;
- Ecuador's standing system of import controls has kept agricultural imports from growing; almost all processed foods are prohibited;
- Additions to the import controls have been severe in the past year; Choice White Grease was prohibited, barter requirements have been imposed on fruits and wine;
- The increase in domestic production of some commodities will continue to erode markets for such U.S. products as tobacco; and
- A surge in imports of soybeans is expected to boost total U.S. agricultural sales.

European Community

Farm Price Package Passed

The European Community's (EC) farm price package for 1982/83 will boost support prices by an average of 10.7 percent over the 1981/82 marketing year. Support prices for livestock products, rice and oilseeds have been set higher than for basic grains. The higher target prices for rapeseed than for grain should provide continued producer incentive for expanding area and output of Western Europe's most important oilseed and one that is increasingly used in feed rations. The increases for soft wheat, barley and corn under the new price package should help encourage continued large output, particularly if production cost increases slow as expected in 1982/83.

The agreed increase of 10.7 percent in prices was far less than the 16-percent hike originally proposed by Western Europe's farm organizations, but was still too high in the opinion of policymakers in the United Kingdom. Britain vetoed the increases, in the belief that they would perpetuate surpluses which are expensive to either store or export. The 1982/83 farm price package negotiations were complicated this year by their linkage to U.K.-EC budget negotiations and EC sanctions against Argentine imports. Discussions on a long-run solution to the battle-of-the budget will resume in the fall.

India

Food Grain and Oilseed Imports Seen Expanding

India's production of vegetable oils in recent years has fallen substantially short of requirements, necessitating imports of over 1 million metric tons annually. The gap between domestic production and requirements of edible oils is likely to persist and even widen in the foreseeable future. Imports of vegetable oils over the next five years could conceivably range between 1 million to 1.8 million tons annually. Soybean oil is likely to account for at least 50 percent of such imports.

Food grain production is expected to record substantial gains during the next five years. However, the rising demand of the public distribution system and the government's proclaimed need to maintain a 15-million-ton buffer stock should keep India an off-on importer of grain over the next five years. Wheat imports could range from 2-3 million tons in a poor crop year to about 1-2 million tons in a normal year.

Indonesia

Imports of U.S. Soybeans To Climb in 1982

Imports of U.S. soybeans for food use reached 361,000 metric tons in 1981, and could exceed 400,000 tons in 1982. Indonesian soybean output has increased very slowly in the last few years, so today local beans make up only 60 percent of the more than 1 million tons consumed in traditional food products annually.

Poultry feeding is the major outlet for soybean meal in Indonesia, though small amounts are used in dairy feeding as well. Aquaculture (a major industry in Indonesia) also represents a promising area for soybean meal market development efforts in the future. Soybean meal purchases totaled 170,000 tons in 1981, and will be higher this year. The government took over all soybean meal trade in February 1982, and meal purchases are now being directed to the United States and away from Brazil.

Ivory Coast

Influx of Americans Spurs U.S. Food Imports

Supermarket chains in Abidjan are exhibiting greater interest in selling U.S. food products as more Americans are locating there in connection with oil exploration. A small store selling only U.S. food products has been in business for about a year. Two other supermarkets are presently interested in adding American food products to their line of foods and one of the largest supermarkets in the city recently undertook a major in-store promotion of U.S. goods.

According to the store owner, products like cake mixes, jellies and canned juices sold very quickly. Other items like beer and canned tuna sold less rapidly because prices were not competitive with other supplying countries.

Malaysia

New Outlet Opens for U.S. Soybeans

The advent of soybean crushing in Malaysia last year has created a new market for U.S. soybean farmers. In 1981, soybeans became the leading U.S. agricultural export to Malaysia. Imports of U.S. soybeans totaled about 89,000 metric tons—roughly three-fifths of Malaysia's total imports.

However, Malaysia imports virtually no soybean meal from the United States because of China's price advantage and a combination of price and ocean transportation factors favoring Brazilian meal.

Opportunity exists in Malaysia for expanding the use of soybean meal in livestock feeds. Demand for soybean meal, primarily consumed in poultry and swine feeds, is forecast at about 150,000 tons in 1982. Use of soybean meal in mixed feed is reported at 11-15 percent of total feed consumption. Future growth in demand should reflect both an overall increase in mixed feed production and some increases in soybean meal feeding rates.

Nigeria

U.S. Grain Sales Hold Up Despite Import Restrictions

Nigeria continues to import U.S. grain despite the imposition of import restrictions. Purchases through the first half of fiscal 1982 were running ahead of those last year and U.S. grain sales should surpass last year's levels.

Nigerian wheat imports from the United States totaled 786,000 metric tons for the first half of fiscal 1982, up 30 percent from the year-earlier period, and the value reached $143 million, up 13 percent. Likewise, both rice and corn imports from the United States were ahead of a year ago. Rice purchases from the United States amounted to over 280,000 tons during the first half of 1982, nearly 70 percent ahead of the previous fiscal year, while corn imports of 187,000 tons were up by nearly half.

Because the situation remains fluid, U.S. exporters need to make sure documents are properly taken care of, import licenses have been obtained, and letters of credit are valid. However, for the time being, purchases of U.S. agricultural products are likely to hold up well unless the financial situation deteriorates markedly.

Poland

Livestock Product Exports To Pay for Grain Imports

Poland's long-term goal is to be able to import 4-4.5 million metric tons of grain a year, paying the bill by exporting livestock products. The actual amount of grain the Poles import will vary from year to year, depending on the value of their meat sales.

Poland's shortage of foreign exchange and its inability to obtain credit has made it impossible for the country to buy large quantities of corn from the West. Poland's trading partners in CEMA also have been unwilling to sell sufficient quantities of grain to Poland. (CEMA is the Council for Economic Mutual Assistance, made up of Bulgaria, Czechoslovakia, Hungary, Outer Mongolia, Poland, Romania and the USSR).

Because of the corn shortage, Poland's broiler production, both government-sponsored and private, has been stopped.

Current estimates put Poland's grain imports in 1981/82 at about 5.1 million tons, including 120,000 tons of rice. This is 3.2 million tons less than the 8.3 million tons the Poles bought in 1980/81. Imports in 1982/83 will probably drop still lower to 4.6 million tons.

Tunisia

Strong Growth Seen in Imports of U.S. Corn

The rapid expansion of Tunisia's poultry sector is leading to an increased market for U.S. corn in mixed feeds for poultry. As mixed feed production swelled from 22,000 metric tons in 1972 to 327,000 in 1981, U.S. corn exports to Tunisia expanded from roughly 14,000 tons to 250,000. In recent years, over 90 percent of Tunisia's corn imports have been supplied by the United States. Demand for corn could expand by approximately 75,000 to 100,000 tons over the next five years as Tunisia's poultry production keeps pace with growing domestic demand.

Currency Problems May Limit GDR Imports

By Steven D. Yoder

A number of questions are being asked about the German Democratic Republic's (GDR) future as an importer of food from the West. All of them are tied to its ability to pay its import bills in "hard currency." The answers to these questions could determine the size of future agricultural purchases from the United States.

The GDR has an industrial economy and must import raw materials, parts and machines to support it. At the same time, the GDR is moving to upgrade the national diet. And as part of this, the country is making an effort to serve a wider variety of better quality foods in restaurants. All these factors dictate that the GDR will have to continue imports of foreign goods.

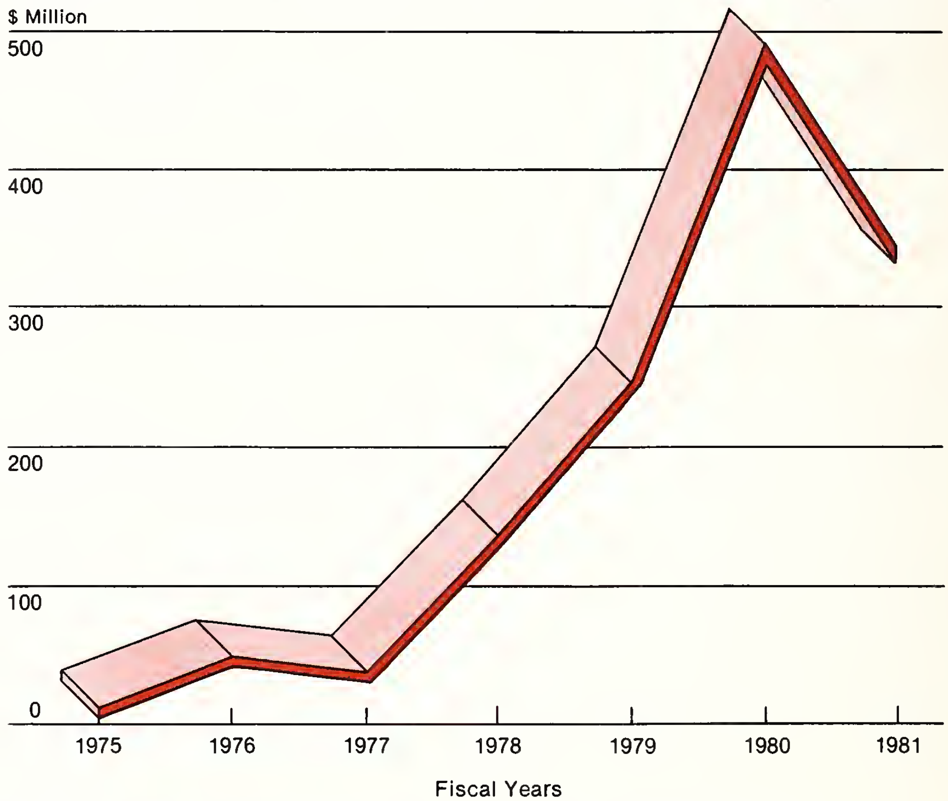
However, GDR officials have implied that there is a shortage of hard currency available to pay for imports of food and industrial goods from the West. In fact, they have hinted that imports in every category may have to be minimized.

Is Hard Currency Available?

The question then remains: Will the GDR be able to get hard-currency loans and credits in the future to finance such imports? In the recent past, the GDR was generally able to manage its rather heavy foreign debt load from available resources. But now, the debt load is even heavier and some Western bankers are re-evaluating the country's ability to handle new debts.

Despite its hard currency problems, the GDR will, in all probability, be able to swing hard currency loans in the future. But these new loans will probably have higher interest rates and shorter maturity periods than the two-year, low-interest grain loans of the past. So-called "creative financing" will be used to enable the GDR to import food products—especially grains—and some industrial products from the West.

U.S. Agricultural Exports to German Democratic Republic Slip After Sizable Gains



The GDR buys most of its imported foods from other East European, nearby West European, and some developing countries. Its agricultural imports from the United States are mostly bulk products such as corn, wheat, grain sorghum and soybean cake and meal. In fiscal year 1981, U.S. agricultural exports to the GDR totaled $343.8 million.

The GDR also buys food products, predominantly live cattle and hogs for slaughter, beef and pork carcasses, and better cuts of meat, from several sources.

GDR imports of fruits and vegetables generally come from East European suppliers, notably Hungary, Bulgaria and Romania. Much of the country's processed foods come from West Germany, France, Italy and Denmark.

Government Handles Imports

Imports and domestic sales of agricultural products are handled by government-owned and controlled agencies. The agency that buys the GDR's imports of grains, rice, red meat and poultry is Nahrung Import/Export, 102 Berlin, Schicklerstrasse 7, Postfach 1503.

Food retailing is handled by three distinctly different types of outlets or chains carrying different types of food product lines. The normal grocery store chains are the HO Lebensmittel Geschaefte (Trade Organization Food Stores) or Konsum Genossenschaften (grocery cooperatives). These two chains include large supermarkets, as well as small neighborhood or village stores.

Interest High at U.S. Food Show In East Berlin

By Steven D. Yoder

German visitors to a USA Food symposium in East Berlin expressed great interest in buying U.S. foods. But in spite of enthusiasm of buyers in the German Democratic Republic (GDR), it may take a year or longer before orders are placed.

The visitors attended presentations by the Poultry and Egg Institute of America, the Rice Council for Market Development, the American Soybean Association, the Wine Institute and the California Cling Peach Advisory Board. The presentations at the symposium in early May were carefully designed to demonstrate the advantages of importing U.S. products.

In addition to the foreign market development cooperators, working with the Foreign Agricultural Service (FAS) to build exports, a number of commercial firms provided products for a luncheon of traditional American dishes.

Following the luncheon, symposium participants held individual business discussions with cooperator representatives and the day's activities were capped by an evening reception for participants and GDR officials.

Follow-up meetings between the U.S. agricultural attache to the GDR and representatives of GDR food importing organizations were scheduled for the weeks following the symposium. No immediate sales were made at the symposium, but the decision to import larger amounts of U.S. foods could largely depend on the outcome of these talks.

The GDR food buyers—representing importers, hotel managers, the government and others—expressed approval of U.S. wines, nuts, juices, edible soybean supplements, rice and pork livers. They also indicated interest in U.S. cling peaches, fruit cocktail, whole frozen turkeys and popcorn.

American exporters who want to contact the GDR government directly about the possibility of exporting foods to the German Democratic Republic should write to all of the organizations listed below. They are responsible for servicing new-to-market foreign exporters. Write to:

AGENA
Aussenhandelsvertretungen GMBH
1185 Berlin, Neue Wiesenstrasse
Telephone: 6 81 20 or 6 71 20 Telex: 112965 or 113282/83

AGRIMA GMBH
Aussenhandelsvertretungen
1040 Berlin, Albrechtstrasse 11
Telephone: 2 82 94 71 Telex: 113138

ASIMEX
(Export-Import-Agentur) 1034 Berlin, Warschauerstrasse 5 Telephone: 5 80 06 11 Telex: 112418/19

Two other food chains are in the luxury category. One of these—the Delikat chain—has over 500 outlets throughout the country. This number will soon grow to 750. These are small specialty stores offering both imported and better quality domestic food items. The range of food items is rather wide. However, the stores' offerings are priced much higher than those of HO or Konsum chains.

Prices in the Delikat stores can be shifted upward to reflect true costs. But HO and Konsum prices are fixed by the government and can drift upward only to reflect the higher prices of new food lines or the cost of changed marketing methods. Despite the higher prices, business is brisk at the Delikat stores, indicating that purchasing power is sufficient to pay the bill, which is in GDR currency.

Outlets for Luxury Products

The third type of outlet is the Intershop chain, where imported luxury food products are sold. Candy, special baked goods, fancy canned meats, and other imported specialty items are sold in these stores. The average GDR citizen has access to these outlets. However, since purchases must be paid for in hard currency, total sales are limited by lack of buying power.

Other food outlets in the GDR include cafeterias at schools and other institutions and restaurants. Menus are limited in variety. But the range of foods offered by restaurants for tourists or business people is much wider, ranging from good to excellent. Since eating out is one of the main pleasures of the GDR's citizens, there is a movement to upgrade restaurants in general.

Such a move would probably require larger quantities of imported food. But before U.S. food exporters can take advantage of this development, the hard currency situation must be straightened out. ■

The author is U.S. Agricultural Attache in the German Democratic Republic.

U.S. Holsteins Paint The World Black and White

By William C. Miller

"You've seen one cow, you've seen them all," is a common reaction among urban visitors in the cattle barns at the state fair. "I don't see what's so special about that one," says the novice dairy cattle judge about the prize-winning Holstein at a local show. "I think the brown cow is prettier."

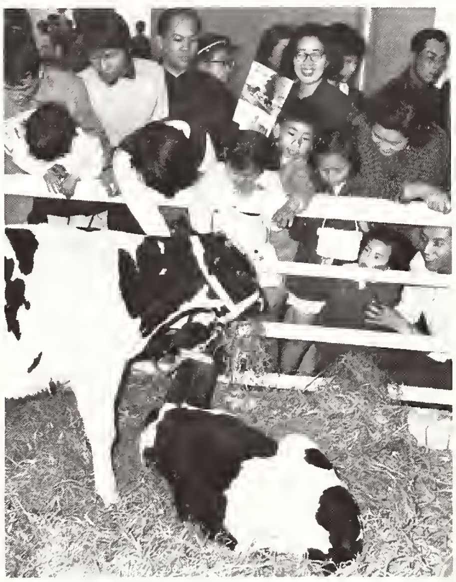
These kind of "amusing" remarks often frustrate the Holstein-Friesian Association of America (Holstein Association) and its more than 40,000 member/breeders. They only remind them of the tremendous job to be done to educate the world, including the United States, about the dairy cattle industry.

The Holstein Association, headquartered in Brattleboro, Vermont, is the world's largest breed association. During its 97 years of operation, the Association has influenced the dairy industry around the world, and particularly in the United States.

During the past century, as U.S. dairy farmers have searched for more productive and efficient cows, Holsteins have grown steadily in popularity. They now represent 90 percent of the U.S. dairy cattle population. The Holstein Association provides services to each of these dairy farmers, whether they own registered or grade Holstein cattle.

As the genetic capabilities of the U.S. Holstein were improved, the breed far surpassed all other dairy breeds around the world, including its native breed, the Friesian, common to the Netherlands. Today, according to the Association's performance records (DHIR), U.S. Holsteins average 18,436 pounds of milk and 669 pounds of butterfat in a 305-day ME (mature equivalent) lactation. That's equal to 2,144 gallons of milk per year for each DHIR-tested Holstein in the United States.

Because of this obvious advantage over other countries' dairy breeds, the Holstein Association recognized the opportunities for promoting sales of these cattle overseas. A tremendous



market for top-quality dairy genetics exists in foreign countries. U.S. Holsteins have met that need.

Results Are Impressive

The Holstein Association has achieved tremendous results in foreign markets. The association estimates that more than 175,000 U.S. Holsteins have been exported since 1976, with a total value of about $185 million.

The major markets for these live animal shipments are Mexico, Japan, South Korea, Saudi Arabia, Canada, Hungary and Colombia. In addition, Holstein semen sales overseas since 1977 have been around $70 million. The new embryo transfer technology developed in recent years offers further opportunities for expanding sales.

Through its cooperation with USDA's Foreign Agricultural Service (FAS), the Holstein Association gives breeders a chance to sell their top-quality cattle to someone other than "the farmer down the road." At the same time, these sales improve agricultural production in countries around the world. So the association work has benefited the agricultural economies of both the United States and more than 50 other countries.

Several Promotion Techniques

The Holstein Association uses several methods to promote U.S. Holsteins through the USDA/FAS Cooperator Program. FAS has had a project agreement with the Holstein-Friesian Association since 1969, providing market development funds for overseas promotion on a matching funds basis The promotion methods are:

- Foreign technician travel — Teams of foreign dairy leaders, government representatives, livestock scientists and professors visit the United States or other countries that have imported U.S. Holsteins. This way, they learn more about techniques for developing their own country's dairy industry and observe the capabilities of U.S. Holsteins in an on-the-farm situation.

Holstein Association staffers are on hand to provide additional information. In 1982, the Association organized a tour for Yugoslav dairy leaders into Hungary to examine U.S. Holstein operations there.

- U.S. technicians abroad—the Association often sponsors overseas trips by U.S. dairy experts who advise on management practices, explain the latest research and technology, or help increase productivity in the country they are visiting. Sometimes these experts include judges for international shows and classifiers, who evaluate the characteristics of cattle in foreign countries, while promoting U.S. Holsteins at the same time.

- Market development—The Holstein Association's staff work extensively with foreign dairy leaders and government officials and U.S. agricultural attaches and trade officers abroad, to promote U.S. Holsteins among the decisionmakers in targeted countries. These efforts allow the association to develop close contacts in selected countries with high potential for sales.

- International advertising and promotion—The Association advertises in major agricultural publications in targeted countries to promote U.S. Holsteins among a broad audience. In addition, six direct mail packages are sent to correspondents each year outlining the Association's programs and the most recent U.S. Holstein research and promotional materials.

- International technical seminars—These seminars highlight the superiority, adaptability and availability of U.S. Holsteins in meetings with foreign breed association officials, government livestock officials and individual dairy producers. This year, the Holstein Association plans technical seminars in Ecuador, Colombia, Chile and Venezuela.

- International trade shows—Booths at trade shows are an excellent way for the Association's staff to make contact with potential importers of U.S. Holstein genetics and to answer questions about the breed. In addition, the Holstein Association often presents awards to prize-winning cattle at international shows to demonstrate its interest in top-quality cattle and improvement of the breed.

Benefits to U.S. Agriculture and World Food Supply

The market development by the Holstein Association and the growing influence of U.S. Holstein genetics in other countries have spurred stronger sales of a number of U.S. agricultural products. These include feed grains, oilseeds, livestock pharmaceutical products and dairy equipment and facilities. Besides these benefits for U.S. trade, exported cattle provide high-protein dairy products and meat to improve diets in countries that are customers for America's Holsteins. ■

The author is administrator, International Promotion, Holstein-Friesian Association of America, Brattleboro, Vt.

A Success Story in Hungary

One of the markets where U.S. Holsteins have had a tremendous impact is Hungary. Ravaged by serious losses in World War II, the government wanted to strengthen the staggering agricultural industry.

Since that time, Hungary has imported more than 16,000 head of U.S. Holsteins. These cattle have provided the foundation for the government's efforts to achieve a 650,000-head dairy cow population by 1985. Imported bull semen and U.S. Holstein embryos have also contributed to the progress of the growing success of the Hungarian dairy industry.

The results so far? Studies in 1980/81 show that native Fleckvieh dairy cattle are averaging 7,180 pounds of milk and 280 pounds of butterfat per lactation. Meanwhile, U.S. Holsteins averaged 12,458 pounds of milk and 417 pounds of butterfat while in similar management situations.

Even more impressive is the increased milk production for Holstein/Fleckvieh crosses under similar management. In 1972, 46 crossbred cows produced an average of 8,583 pounds of milk and 311 pounds of butterfat. By 1977, 6,313 cows averaged 9,447 pounds of milk, 361 pounds of butterfat. The national average milk production per cow for 1981 exceeded 8,000 pounds of milk, compared with only 4,821 pounds in 1970.

As a result of the improved dairy cattle in Hungary, the country has been self-sufficient in milk and dairy foods for its 10.6 million people since 1978. Another plus is that at the same time, the number of cows needed to provide these results has decreased by more than 100,000. By all accounts this trend in economic efficiency is expected to continue in the years ahead.

U.S. Herefords Join the Jet Set

By B.C. Snidow

Despite all the red carpet treatment they were receiving, the VIPs on the plane from Chicago to Budapest were more than a bit nervous. It was their first flight—but they passed up the traditional VIP fare of steak and champagne for just a bit of water, and tried their best to relax and get accustomed to air travel.

No, these weren't members of a luxury tour group off for two weeks in Hungary. These were far more special passengers—4,000 U.S. Hereford and Holstein cows and bulls which were being exported to establish Hungary's beef cattle industry.

The American Hereford Association, which has been involved in or certainly interested in the export of Hereford breeding stock during much of its 100 years of operation, played a key role in the Hungarian sale. It also worked closely with the Holstein-Friesian Association of America and its subsidiary, Holstein Services, in the follow-up activities which led to further shipments.

Association staffers and scientists made several visits to Hungary to assist in establishing breeding farms at approximately 12 locations in that country.

These trips, which provided Hungarian farm officials with technical information plus practical know-how, have resulted in additional sales of bulls and semen. And more sales are likely as the Hungarian government continues its push to improve and upgrade beef herds.

Traditionally, Mexico and Canada are the major markets for U.S. Hereford breeding stock because of their proximity and well-developed beef cattle industries. However, Hereford breeding stock has been shipped from the United States to virtually every area of the world, even back to England where the breed originated.

For example, in 1975, a year after the Hungarian shipment, some 2,000 U.S. breeding animals were shipped to Spain, to found the Technagro Corporation's beef herds on its ranches near Los Pazos.

These animals were loaded onto a ship at the Virginia Department of Agriculture's deep water port and livestock holding facility near Richmond. Since then, several U.S. bulls of outstanding caliber and 200 purebred registered females also have been bought by Technagro. These animals also moved by ocean vessel through the Virginia port.

Another large shipment of U.S. breeding stock occurred in 1980 when 750 young heifers were exported to Chile. This shipment was made through the American Holstein Association.

While such large volume sales are important, so too are small-scale sales of high caliber bulls and females.

For example, D4 Advance L1 4049—the grand champion bull of the 1977 National Western Stock Show in Denver—fetched a price of $120,000 when sold to the Cabana San Ramon in Argentina. Advance now heads the purebred herd at this establishment, which in turn supplies bulls for one of Argentina's largest cattle operations.

Numerous other sales of top caliber breeding bulls and heifers have been made in recent years to South Africa, Zimbabwe, Brazil, Mexico, Uruguay, Japan, Australia and other countries to improve the existing Hereford herds owned by local cattlemen.

Because the United States has the greatest volume of performance-tested breeding stock of any country in the world, it holds a very favorable position in the export market for breeding animals.

In addition, U.S. breeders have been aiming their breeding programs toward the "new type" Hereford—a big, fast growing animal which is a very efficient converter of grass and grain and yields a high percentage of edible lean.

This type of animal is in great demand in world markets—and this explains why so many foreign buyers are coming to the United States for seed stock in the form of semen or live animals. ■

The author is the assistant secretary of the American Hereford Association, Kansas City, Mo.

Foreign Buyers Bullish on American Polled Herefords

By T. D. Rich

A BT L1 Advancer 12H is:
a) a British rocket launcher
b) a German sportscar
c) a U.S. bull.

If you guessed c, then you probably know quite a bit about the work of the American Polled Hereford Association.

BT L1 Advancer 12H is a U.S. Polled Hereford bull that fetched $311,000 from a syndicate of Australian breeders in 1979. Advancer brought the highest price ever paid for a U.S. Polled Hereford. Along with four other Polled Hereford bulls, he was one of the first occupants of Australia's Cocos Island Quarantine Station and part of the first sale to Australia since the mid-1950s.

But Advancer is only one example of the American Polled Hereford's market development work. Thanks to the efforts of the Association, some 19 countries have purchased U.S. Polled Herefords or germplasm to upgrade their beef cattle industries.

The American Polled Hereford Association has been promoting exports of seedstock cattle for many years. The first export sale was recorded back in 1926. For the past 15 years, the Association has worked with the Foreign Agricultural Service as a market development cooperator.

One of the biggest steps in gaining worldwide recognition of American Polled Herefords as a breed of beef cattle came in 1956, when England—the origin of the Hereford breed—imported 23 head of the American animals.

From that point on, interest in U.S. Polled Herefords really took off. In 1968, for example, Chile imported 10,000 head.

Canada remains the largest customer for live Polled Herefords, a logical position given our common borders. But several South American countries have risen in prominence as customers as a result of exchanges of breeders and livestock specialists. Argentina, Brazil, Uruguay and Mexico follow Canada as the largest purchasers of live Polled Herefords and semen.

Some countries, however, cannot afford the $1,600 average price tag for one Hereford bull, let alone the $311,000 for a bull like Advancer. But these countries are often the ones who are most in need of superior beef cattle stock to upgrade their own herds. Realizing that some day these developing countries may have the ability to purchase high-quality bulls, the American Polled Hereford Association does a lot to broaden their awareness of U.S. beef animals.

For example, during 1981, a group of U.S. Polled Hereford breeders presented a flask of semen from several outstanding bulls to a group of Zimbabwe Hereford breeders. The gesture had a strong impact on Zimbabwe, which has since shown interest in both animal and semen purchases. In late 1981, two Polled Hereford bulls were exported to Zimbabwe. The association plans to do more of this type of work, probably in South Africa and Zimbabwe later this year.

While Zimbabwe and other African countries do not have the potential to become as large a market as South America, the Association does expect them to grow significantly as customers in coming years. ■

The author is president, American Polled Hereford Association, Kansas City, Mo.

U.S. Facing Stiffer Competition in Colombia

By Alberto Restrepo and Hector Sarmiento

U.S. exporters are important suppliers of Colombia's top 10 agricultural imports. But the competition will stiffen in the wake of new duty preferences the Colombians give to products from other members under a Latin American trading group.

The group is called ALADI, for Latin American Integration Association. This regional organization replaced the Latin American Free Trade Association (LAFTA), and includes all the countries of South America plus Mexico.

In 1981, the United States supplied all of Colombia's wheat, grain sorghum and lard imports and at least half of the soybean oil, tallow, corn and lentils bought from other countries.

Regional integration schemes with nearby countries have led to lower import duties for products from Colombia's neighbors. But so far, this hasn't seriously hurt U.S. exporters. The level of this trade is low, largely because neighboring countries' farm products tend to compete with the products of Colombia's own farmers.

U.S. exporters also provided large amounts of Colombian purchases of barley, pulses and apples.

During the past decade, Colombia's imports in general and agricultural products in particular have increased substantially. After the Brazilian frost of 1975, Colombia's coffee prices skyrocketed, which built up the nation's foreign exchange and increased illegal imports. As a result, the Colombian government chose to liberalize its import policies.

Colombia is beginning to import supermarket foods, but this trend has been hampered by strict label and registration requirements that are extremely lengthy and costly.

Wheat Leads Grain Imports

In the last 10 years, Colombian wheat imports have been erratic. Small imports one year were followed by larger ones the next, depending on the size of ending stocks. But in five of these years, the United States provided all of this wheat with sales that ranged from a low of 154,300 metric tons in 1977 to a high of 640,900 tons in 1980. Sales slipped in 1981 to 502,800 tons largely because of overbuying in 1980.

Last year's drop in wheat sales stems partly from the policies of IDEMA—the government's marketing agency. In December 1980, IDEMA started to permit millers to arrange their own imports and it is still liberalizing its import policies. But Colombia's proximity to the United States and the high quality of U.S. wheat probably will continue to give U.S. exporters a strong footing in the country's wheat market.

U.S. Is Main Supplier Of Fats and Oils

Soybean oil is Colombia's fastest growing agricultural import. Until 1980, a large share of these imports came from the United States, ranging from 49 percent in 1976 to nearly 100 percent in 1980. The growth was phenomenal, as purchases of U.S. soybean oil climbed from just 200 tons in 1972 to 81,950 in 1980.

But last year, market and freight conditions favored several South American soybean oil suppliers, so the U.S. market share fell about 36 percent from the year before. Also, complaints by domestic oilseed producers convinced the government to impose higher import duties and reinstitute the previous license system that had not been used for two years.

However, U.S. soybean oil could benefit from new import duties negotiated recently by members of ALADI. These duties eliminated concessions awarded to some Latin American producers in 1981.

Tallow imports are used exclusively by Colombia's soap and detergent industry. A U.S. market development effort will encourage use of tallow in feed rations. One reason for the limited use of tallow in feed is because of a lack of experience. Also important is producer preference for grazing stock on grass for extended periods, largely because of extremely high domestic support prices for feed grains.

In a related development, Argentina has been granted temporary concessions that have allowed Colombian importers to buy small amounts of tallow from that country. Nevertheless, Colombia is likely to remain a strong market for U.S. tallow.

The volume of Colombia's tallow imports expanded at an average of 1.5 percent a year in 1972-81, but value rose by 12 percent a year. In 1980, the United States provided all of Colombia's purchases of tallow (38,300 tons) for the second year in a row, but in 1981 its share of the market slipped to 87.3 percent.

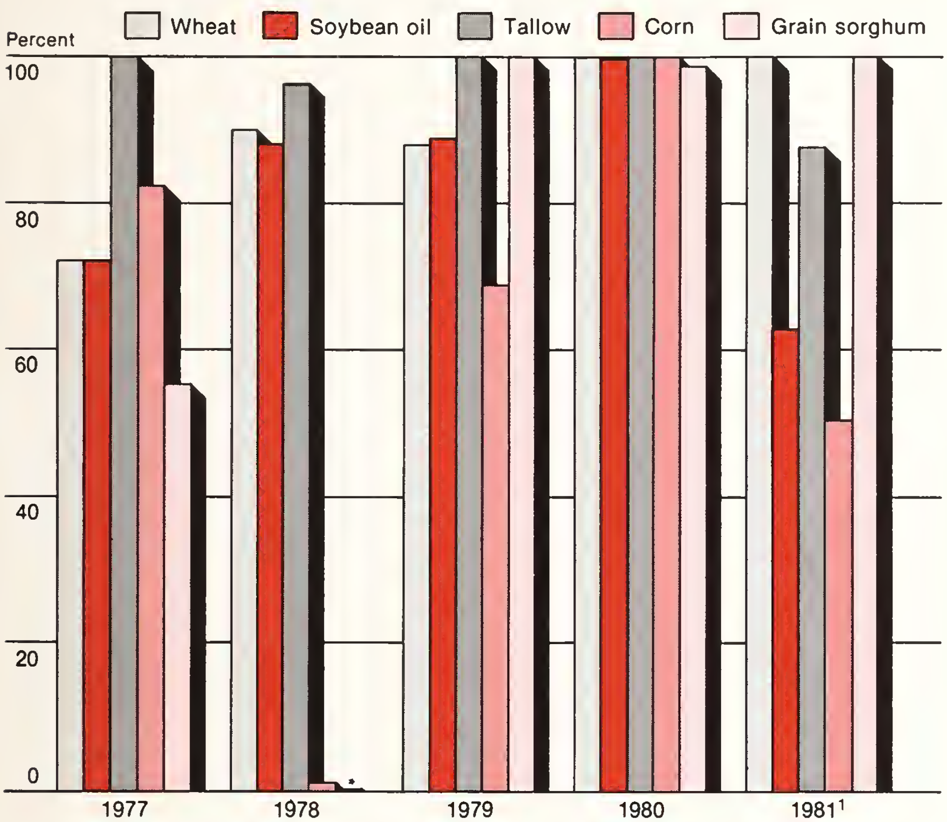
Most of Colombia's lard imports originate in the United States, although small quantities come from several other sources. Colombia imports lard to complement its small domestic production, mainly because of feed grain shortages.

These imports are likely to continue because the domestic swine industry is small, compared with the human population—less than 4 million head of swine for 28 million people. And present policy does not call for promoting more swine production.

Lard imports increased through 1977, when 21,000 tons were imported. But they have dropped since then because lard has been partly replaced by vegetable oils and margarine. Since 1978, the United States provided all of Colombia's lard imports except in 1980, when it provided 86 percent.

Like wheat, imports of corn and grain sorghum are also erratic. They vary year to year, depending upon domestic production and ending stocks. Domestic corn is mostly used for human consumption, as is imported

U.S. Supplied Colombia with 100 Percent of at Least One Major Imported Agricultural Commodity in 4 Out of Last 5 Years



[1]Estimated. *1 percent or less.

white corn. On the other hand, grain sorghum is used exclusively by the feed industry. Imports cover domestic shortages and help build stocks.

The United States provided all of Colombia's corn imports in four years of the past decade, with shipments ranging from 16,200 tons in 1976 to 192,600 in 1980. Most of the imported yellow corn goes into manufactured feed for poultry and swine.

Canada and the United States are Colombia's main suppliers of barley, with Canada providing the largest share since 1976. Exports of U.S. malting barley and malt imports probably can be expanded. Colombian barley outturn is falling and imports will be relied on more and more to meet growing demand. U.S. barley farmers will undoubtedly benefit from the rise in imports.

U.S. Pulse Market Should Grow

U.S. lentil suppliers share the Colombian market with Chilean suppliers. In the early 1970s, the United States had the largest share, but the advantage swung to Chile in 1974. However, the United States had the upper hand last year, supplying 53.6 percent of Colombia's lentil imports of 11,000 tons.

Lentils from the United States bear heavier import duties than Chilean lentils, and this, along with Colombian preference for larger Chilean lentils, could affect future trade flows.

Colombia buys sizable volumes of pulses and the United States is the main supplier for green and yellow whole peas. Colombia also imports small amounts of small red beans and red kidney beans to make up for domestic shortages.

Sales of pulses to Colombia could grow if the U.S. industry strengthened its market development there. Some kinds of dry beans are unknown in the Colombian market and promotions to make them better known would probably pay off.

Apple Market Important to U.S. Suppliers

U.S. apple exports to Colombia are subject to a higher import duty than those from ALADI countries, particularly Argentina and Chile. However, air freight from Chile to Colombia costs twice as much as from the United States, and this may offset the duty differences.

Although Colombians like U.S. apples because they keep better and have higher quality standards, the duty disadvantage may curb imports from the United States. Importers may be unwilling to buy apples in large volumes for storage, as was the case in the past.

The traditional South American apple supplier has been Chile, which used to provide more than 90 percent of Colombia's apple imports. However, in 1978, the United States supplied 28 percent of Colombian purchases and since then the U.S. market share has been growing. In 1981, the United States shipped an estimated 45 percent of Colombia's apple imports.

Colombia's apple imports rose 10 percent between 1980 and 1981 to 21,800 tons and 13 percent in value to $14.6 million. Last year, apples from the United States were 26 percent higher in volume (9,800 tons) and 18 percent higher in value ($6.6 million). ■

The authors are agricultural specialists in the Office of U.S. Agricultural Counselor, Bogota.

Trade Updates

Saudi Arabia Leads Rebound In U.S. Peanut Butter Exports

Exports of peanut butter by the United States during 1982 are likely to rise to possibly $20 million, double the highest value previously recorded for cash sales. Saudi Arabia accounted for about one-third of the total value of U.S. exports during the first seven months of fiscal 1982, and sales were also up to several other Mideast markets, particularly Lebanon and Israel. U.S. exports of peanut butter to Japan more than tripled and shipments to Canada quadrupled over October 1980-April 1981.

Market development activities to promote peanut butter have apparently paid off in Saudi Arabia where modern supermarkets now routinely stock peanut butter on their shelves. The use of peanut butter by native Saudis and some of the 4 million foreign workers and residents is increasing rapidly. Strong competition for sales of peanut butter among major U.S. suppliers and some brands from the United Kingdom and the Netherlands has caused prices to decline to relatively modest levels in Saudi Arabia. Some people who formerly used tahini—a sesame paste—now use less expensive peanut butter instead.

Canada Signs Long-Term Grains Agreement With Algeria

Canada's Wheat Board has announced the signing of a new long-term grains agreement with Algeria.

The new agreement, which will be in effect for three years, started August 1, 1982, and runs to July 31, 1985. It involves the sale of a minimum of 500,000 metric tons and a maximum of 700,000 tons of durum per year, plus a possible 100,000 tons of bread wheat annually.

Under the old 3-year agreement, the Algerians were to purchase between 350,000 and 500,000 tons of durum in each year of the agreement. In fact, sales were usually much larger. Algeria bought 654,000 tons of durum in the 1980/81 crop year, which was almost one-third of Canada's total durum exports. However, Algeria has purchased only very minor quantities of Canadian bread wheat during the last 10 years.

Swiss Buy More U.S. Tobacco

The United States has enlarged its share of Swiss tobacco imports. Last year's volume was 6.3 percent higher than in 1980, with the U.S. market share rising to 36.7 percent of the 26,721 tons of tobacco imported into Switzerland. The value of the tobacco bought from the United States was also higher. This reflects not only higher U.S. prices but also the relatively higher rate of the U.S. dollar.

The Swiss bought more Virginia tobacco from United States, but less burley. Purchases of U.S. Maryland tobacco remained unchanged and imports of tobacco ribs were down.

Switzerland's imports of raw tobacco from the United States for cigarette production were more than 8 percent higher. It also purchased larger volumes from the Netherlands, Italy and Greece.

Raw tobacco for cigar production came mainly from Indonesia, Brazil, the Dominican Republic and the United States. Denmark remained the main supplier of raw tobacco for pipe tobacco. Only small quantities of cigarettes were imported, and the United States was only a minor supplier.

Swiss exports of raw tobacco dropped to 4,963 metric tons, down more than 41 percent from the year before. Exports of cigarette-type tobacco amounted to 3,827 tons, with Italy the primary market, but the Netherlands and France also bought sizable amounts. Cigarette exports of 13.8 billion pieces were up 8 percent, representing about one-half of the cigarettes produced.

Minority Export Firms Big Hit in London

Shortly after the successful conclusion in London of the first FAS-sponsored food exhibit for small and minority export firms, FAS signed an agreement with the Small Business Administration (SBA) offering financial assistance to small businesses interested in next year's FAS overseas promotional program. Under the agreement, SBA will cover the normal participation and shipping fees for these firms to exhibit their food items at upcoming shows.

Dugger Harris of FAS' Export Promotion Division coordinated the two-day London show in mid-May and will handle arrangements for those participating.

"Attendance at the show was very good and the enthusiasm of the exhibitors exceeded even our highest expectations," Harris said. "One of the main purposes of the show was to get the media's attention and through them reach potential customers. In this regard, we were very successful by being featured on two British television and radio programs. Also, we received good coverage in London's daily newspapers and many writers for British food magazines were also on hand."

"While there were many new-to-market products at the show, members of the British food trade seemed especially impressed with beef jerky, prepared bakery goods, and catfish," Harris reported. A booth featuring Louisiana cuisine drew a great deal of interest." Retortable food pouches, called "flexible cans" were also a hit. These were orginally developed for use by astronauts during space flights and have been used extensively by the U.S. Army.

U.S. exhibitors at the food show reported that sales during the following six months could approach a half million dollars.

The outlook for the fiscal 1983 program appears bright. Interested participants should contact Harris at the Export Promotion Division, FAS, USDA, Room 4961, Washington, D.C. 20250. Tel: (202) 475-3418. ■

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